

**QUESTIONS AND ANSWERS  
FOR  
REQUEST FOR OFFERS  
ROYALTY IN KIND PHASE IIIb  
DE-RP96-02PO54300**

**Question 1: How is the quality of crudes determined when a basket is offered?**

**Answer: It is determined from the information provided in the offer that must be based on most recent data available for the crude(s) offered.**

**Question 2: Noticed that Bryan Mound was not offered as a site, why?**

**Answer: Not offered due to volume and type of crude oil previously scheduled through March 2003. Bryan Mound is planned to be offered for the RIK IIIc solicitation to be issued in January 2003 for April 2003 deliveries.**

**Question 3: When is a delivery schedule due and what about flexibility?**

**Answer: The awardee shall submit a ratable schedule for approval within 30 days after award in accordance with Provision A.5.c. The ratable delivery schedule may allow for economic delivery-size marine cargos and/or pipeline batch shipments. DOE approval is required for any changes to the approved schedule.**

**Question 4: What is the effective day and period for the offer guarantee?**

**Answer: The offer guarantee letter of credit must be effective on the date set in the solicitation for receipt of offers for a period of 30 days from that date (see Section B.2).**

**Question 5: Can a company bid for less than the full offered quantity and will that impact award?**

**Answer:** Offer may be less than total quantity offered, however, minimum offer quantity of Royalty Oil must be 3,000,000 barrels.

**Question 6:** Is Mars, Poseidon, Cabinda, Djeno or Tengiz acceptable crudes for the SPR?

**Answer:** Cabinda, Djeno and Tengiz are not acceptable crudes. Based on recent data Poseidon and Mars are acceptable crudes for the SPR at this time. Should Poseidon and Mars specification fall below SPR requirements at any time they will not be acceptable.

**Question 7:** Does the Government evaluate the exchange barrels based on volume received or refining value?

**Answer:** The Government will evaluate crude offered for exchange based on current market value.

**Question 8:** Can an offeror submit a "Y" factor for a sweet basket and a "Y" factor for a sour basket and have the option to select which basket we want to deliver under?

**Answer:** You can offer alternate baskets, i.e. sweet and sour, with a "Y" factor for each but the Government will select which basket is most advantageous and award only one.

**Question 9:** Will a crude offer be acceptable for a vessel cargo containing a shipment of a mixture of two crudes, one that meets SPR specs and the other doesn't but the combined blend will meet the SPR specification?

**Answer:** No, crude blends are not acceptable for delivery to the SPR.

**Question 10:** Can an offer consist of "tiering" to offer quantities at different values?

**Answer:** Yes.

**Question 11: Does the offeror pay custom duties for crude oil going to Big Hill?**

**Answer: Yes.**

**Question 12: If multiple offers (alternate offers) are submitted, will an offer guarantee be required for each offer?**

**Answer: An offeror may submit an offer with alternate offer(s) for consideration with an offer guarantee sufficient for the highest valued offer, i.e. either/or. However, separate offers (which both offers could be awarded) must be accompanied by separate offer guarantees.**

**Question 13: There have been numerous reports recently concerning Brent crude oil and the SPR. Can Brent be delivered to the SPR?**

**Answer: Yes, there are no restrictions on the delivery of Brent into the SPR.**

**Question 14: Is a fax Offer Guarantee acceptable?**

**Answer: Yes, however the original must be sent overnight express mail.**